

AR31



ONTARIO STEEL PRODUCTS COMPANY, LIMITED

49

F O R T Y - N I N T H

*Annual Report*

FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 1962



Digitized by the Internet Archive  
in 2024 with funding from  
University of Alberta Library

[https://archive.org/details/Onta1617\\_1962](https://archive.org/details/Onta1617_1962)

# ONTARIO STEEL PRODUCTS COMPANY, LIMITED

## HEAD OFFICE

TORONTO

DEC 29 1962

## DIVISIONS

GANANOQUE • OSHAWA • CHATHAM • MILTON

## DIRECTORS

E. J. BRUNNING, C.B.E.

E. S. BYERS

O. D. COWAN

G. B. ELWIN

BRIAN HEWARD

W. W. ROBINSON

N. P. PETERSEN, O.B.E.

R. A. KINGSTON, Q.C.

## EXECUTIVE OFFICERS

E. S. BYERS, CHAIRMAN OF THE BOARD

O. D. COWAN, PRESIDENT AND GENERAL MANAGER

R. B. CARSON, SECRETARY, TREASURER, AND CONTROLLER

MISS GAY SAMPSON, ASSISTANT SECRETARY

## TRANSFER AGENT

THE ROYAL TRUST COMPANY, TORONTO

THE ROYAL TRUST COMPANY, MONTREAL

## REGISTRAR

NATIONAL TRUST COMPANY LIMITED, TORONTO

NATIONAL TRUST COMPANY LIMITED, MONTREAL

## BANKERS

BANK OF MONTREAL

TORONTO-DOMINION BANK

CANADIAN IMPERIAL BANK OF COMMERCE

## AUDITORS

MCDONALD, CURRIE & CO.





# Report

## OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS

Your Directors have pleasure in submitting herewith the Forty-Ninth Annual Report of the consolidated operations of your Company and Subsidiaries for the fiscal year ended September 30th, 1962, together with the Balance Sheet, Earnings and Retained Earnings Statements, Statement of Source and Use of Funds, and your auditors' report thereon.

Working Capital was \$3,992,482 being an increase of \$270,825 over the previous year. An amount of \$948,844 was expended during the year in the acquisition of capital equipment.

Earnings from operations for the year were \$1,886,602 and represent a substantial increase over the \$979,941 earned last year. Net earnings after all charges amount to \$919,021, or \$1.20 per new common share (\$3.60 per old common share) as compared with \$484,994 or \$.626 per new common share (\$1.88 per old common share) for the previous year.

The improved earnings for the fiscal year were due to increased sales to both the automotive industry and to other major customers in the non-automotive field. Efforts to increase the export of products made by your Company have shown encouraging results, and a further improvement in export sales is anticipated in the current year.

The regular dividend of 7% per annum was declared and paid to holders of preferred shares. The Common shares of the Company were subdivided in July 1962 on the basis of three new common shares for one old common share. Total dividends declared on the common shares during the fiscal year amounted to \$ .66 per new common share including the special dividend declared in August 1962.

As earlier reported, the Company acquired in July 1962 certain manufacturing equipment of Hawker-Siddeley Canada Limited, Montreal. This equipment will be utilized to provide for necessary expansion and to improve the Company's coil spring manufacturing facilities for automotive, railroad and industrial uses. The cost of the fixed assets was \$750,000 payable by five interest-free notes, in annual instalments of \$150,000. The inventory acquired involved a cash expenditure of \$192,355.

During the year under review, Canadian production and sale of automotive vehicles increased substantially, accompanied by a considerable reduction in the sale of imported vehicles. This trend has been beneficial to your Company and to the industry as a whole.

Current production and sales are at a high level and the outlook for your Company appears favourable.

The continued support and co-operation we have received throughout the year from our customers and suppliers is gratefully acknowledged.

The loyal efforts of the Officers and Employees of the Company during the year are greatly appreciated.

On behalf of the Board of Directors,

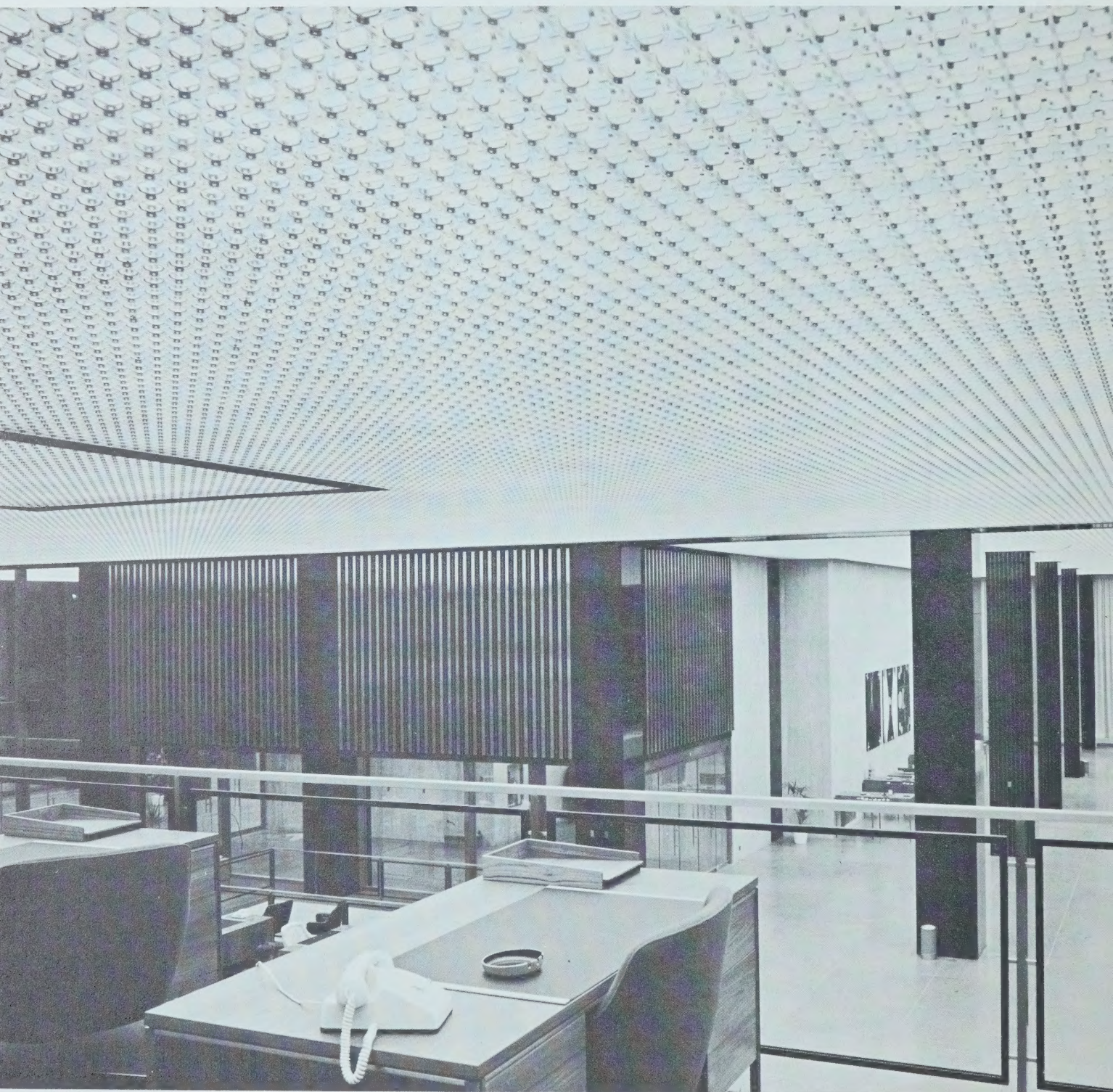
O. D. Cowan  
President

Toronto, Ontario.

November 22, 1962.

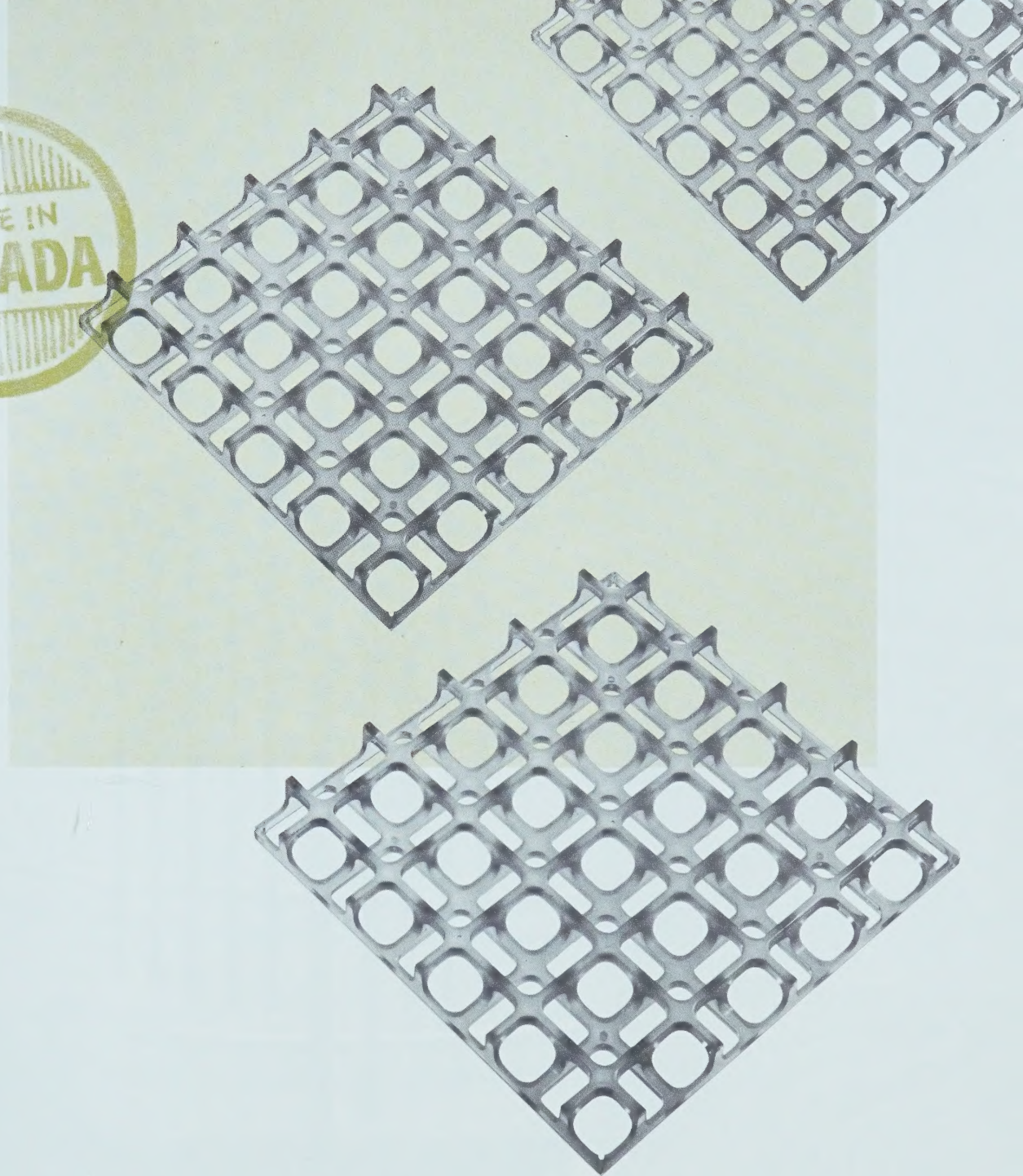


*The largest injection moulded acrylic*





art

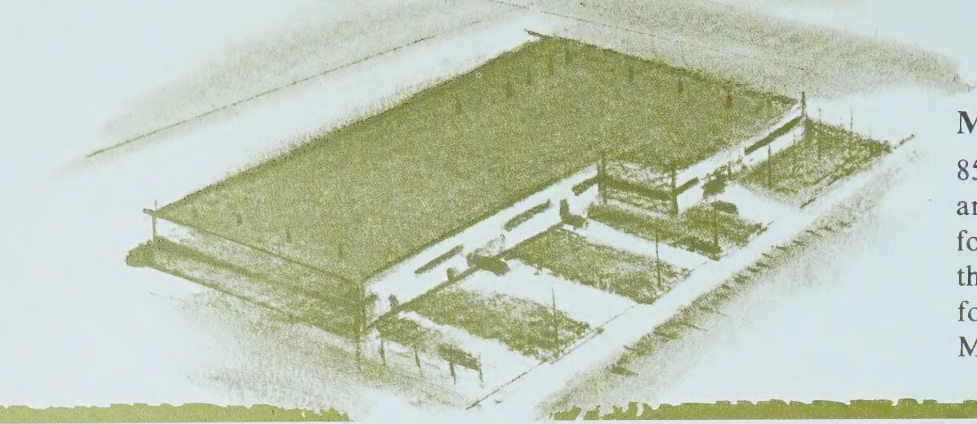


This ceiling recently installed in the ground floor area of the forty-three storey Canadian Imperial Bank of Commerce Building in Montreal, Quebec, is a beautiful piece of interior architecture.

It is made of 2' x 2' acrylic modules, each weighing 8½ pounds, moulded at the Gananoque Division.

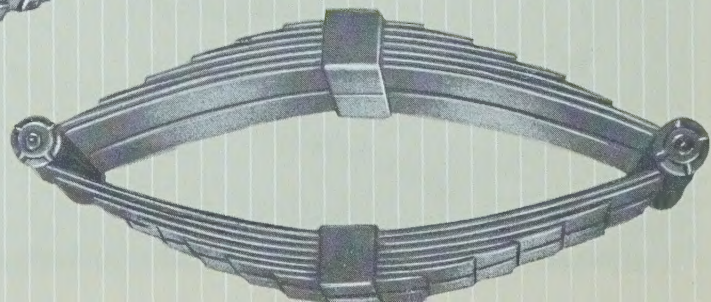
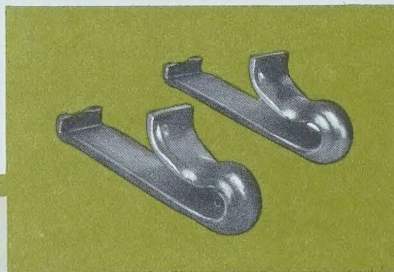
A total of 18,000 square feet was covered, to produce a softly lit kaleidoscopic effect. New approaches to lighting and architectural effects are opened by the use of plastics.





## MILTON DIVISION

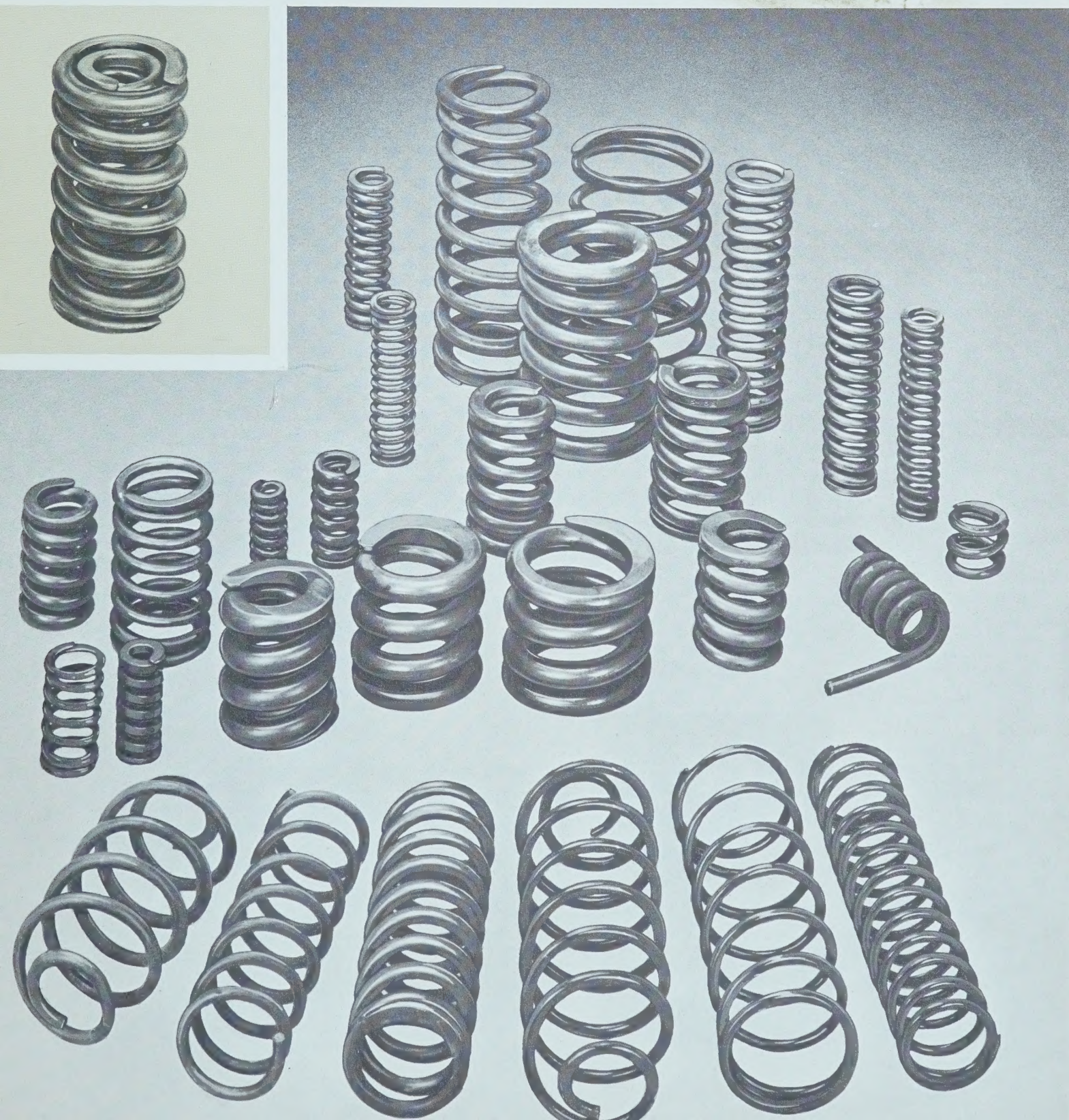
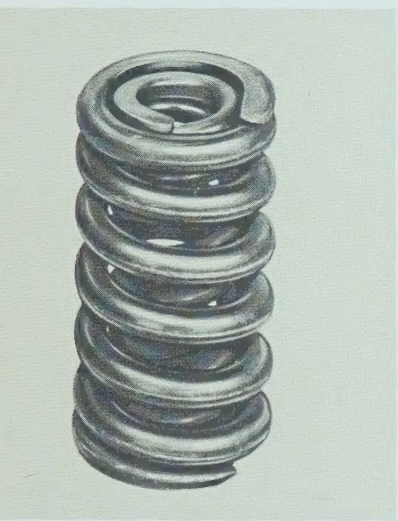
85,600 square feet of manufacturing space are used in the production of flat springs for automobiles and trucks, as well as for the railways. Rail Anchors and Wear Plates for railroads are also manufactured at Milton.



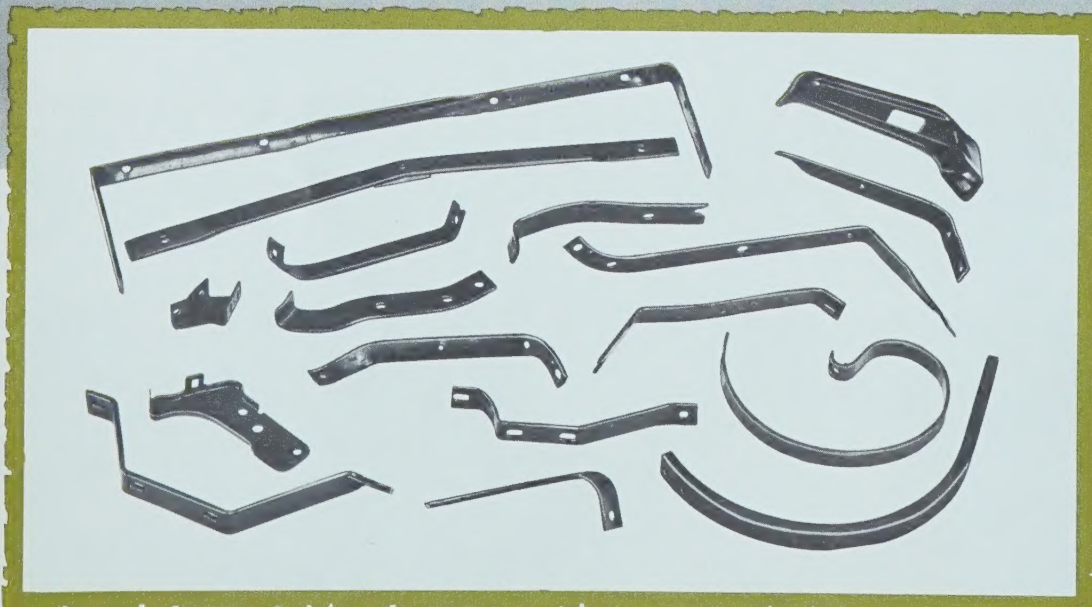
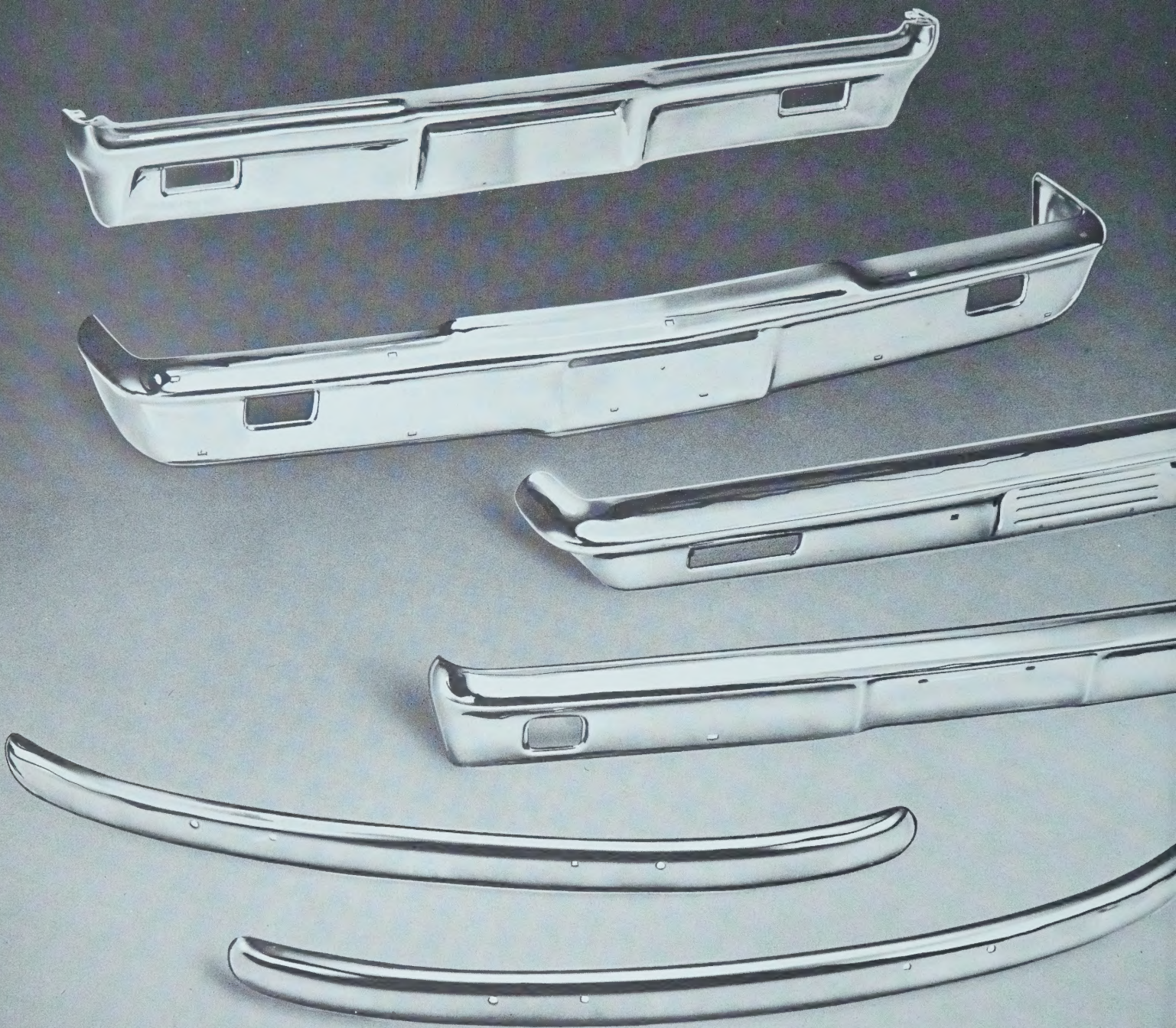


## OSHAWA DIVISION

85,000 square feet are now used exclusively to produce heat treated coil springs for automotive, railway and industrial uses. The production of coil springs has been highly automated.





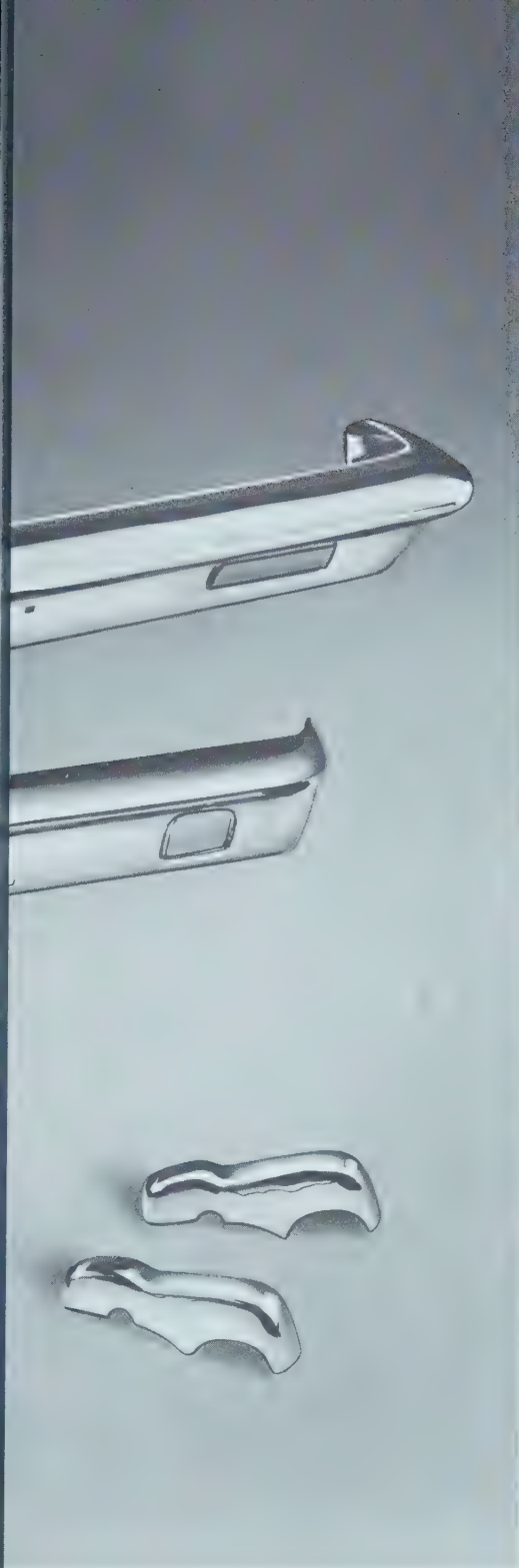


ABOVE: Many types of bumpers electroplated for the automotive industry

AT LEFT: Samples of cold-chamber cast automotive and agricultural parts made of aluminum

AT RIGHT: After-bodies for trucks with forged and heat-treated steel frames

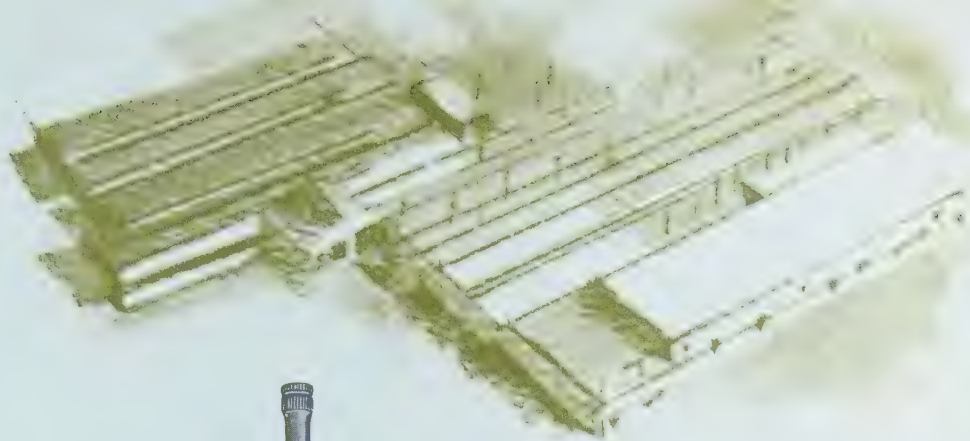




bars are stamped cold from sheet steel and  
grade.

ings and hot-forged heat treated automo-  
at Chatham.

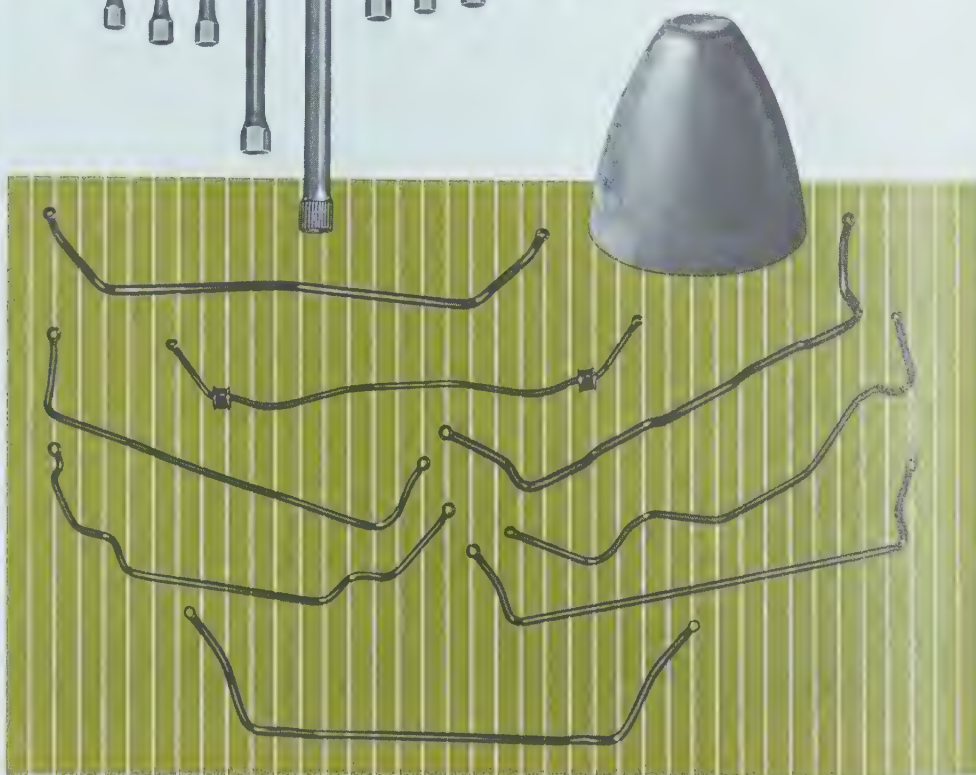
ti-submarine training torpedoes, together  
bars.



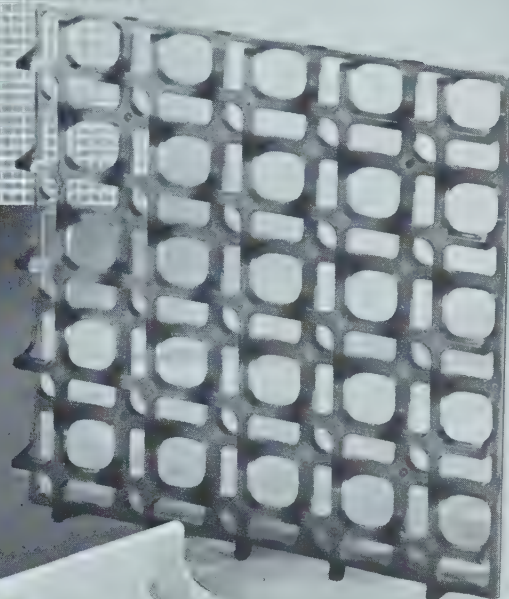
## CHATHAM

250,000 Square Feet.  
Heavy press and heat  
treating equipment  
produces a wide variety  
of products for the  
automotive trade.

*AT LEFT: Torsion Bars  
for automobile and truck  
front end suspensions.*









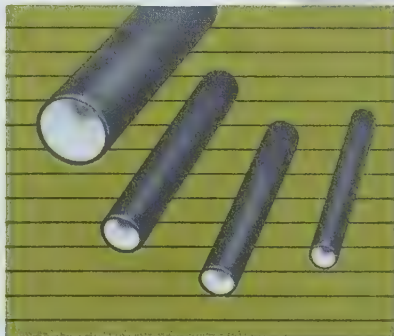
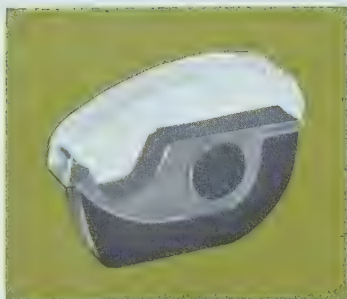
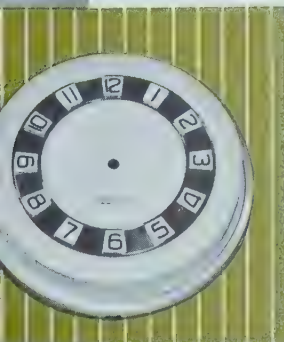
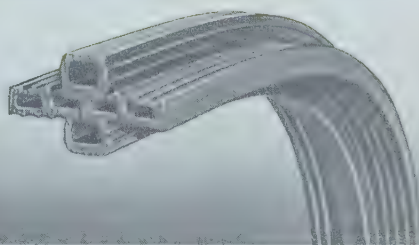
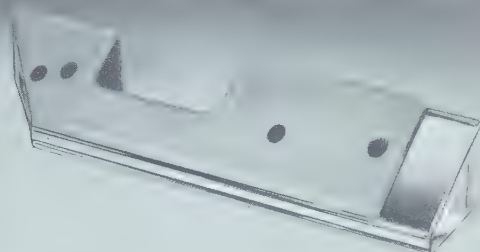


## GANANOQUE DIVISION

103,000 square feet, devoted entirely to the production of plastic parts, injection moulded and extruded.

At the right and below are illustrated typical parts being produced for a wide variety of customers.

Plastic lighting fixtures are gaining wide popularity and to the left are various lighting louvres being produced at Gananoque, together with insulated food containers, decorative mouldings and nameplates.



ONTARIO STEEL PRODUCTS  
COMPANY, LIMITED

INCORPORATED UNDER THE LAWS OF CANADA

*Consolidated*

---

ASSETS		
	1962	1961
CURRENT ASSETS		
Cash.....	\$ 270,533	\$ 283,761
Short term investments — at cost, which approximates market value.....	600,000	150,000
Accounts receivable, less provision for doubtful accounts..	2,554,976	1,907,844
Inventories — valued at the lower of cost or market.....	3,020,050	2,780,812
Prepaid expenses.....	158,985	198,692
	<u>6,604,544</u>	<u>5,321,109</u>

---

APPROVED ON BEHALF OF THE BOARD:

O. D. COWAN }  
G. B. ELWIN } Directors.

---

FIXED ASSETS		
Land, buildings and machinery — at cost.....	9,794,566	9,310,801
Accumulated depreciation.....	5,556,633	5,327,482
	<u>4,237,933</u>	<u>3,983,319</u>
	<u>\$10,842,477</u>	<u>\$9,304,428</u>

---



# Balance Sheet

AS AT SEPTEMBER 30, 1962

LIABILITIES		1962	1961
CURRENT LIABILITIES			
Bank loan.....	\$ —	\$ 125,000	
Accounts payable and accrued liabilities.....	1,481,991	1,064,016	
Provision for taxes on income.....	787,477	209,995	
Dividends payable — November 15			
Preferred.....	6,305	6,305	
Common.....	178,672	61,225	
Debenture interest accrued.....	7,617	10,911	
Note and debentures payable within one year.....	150,000	122,000	
	<u>2,612,062</u>	<u>1,599,452</u>	
NON-INTEREST BEARING NOTES			
Payable in annual instalments of \$150,000 commencing in 1964.....	450,000	—	
SINKING FUND DEBENTURES — 5¼%			
Due in annual instalments of \$125,000 and maturing August 1, 1968 (Note 1).....	870,000	1,125,000	
MINORITY INTEREST IN A SUBSIDIARY COMPANY..	17,138	12,279	
ACCUMULATED TAX REDUCTIONS APPLICABLE TO FUTURE YEARS.....	497,220	450,215	
	<u>4,446,420</u>	<u>3,186,946</u>	
CAPITAL STOCK AND RETAINED EARNINGS			
Capital stock — (See notes)			
Authorized —			
3,603 7% cumulative preferred shares of the par value of \$100 each.....			
1,433,820 common shares without nominal or par value			
Issued and fully paid —			
3,603 preferred shares.....		360,300	360,300
744,465 common shares, including 9,765 shares issued during the year for cash.....		956,205	894,360
	<u>1,316,505</u>	<u>1,254,660</u>	
Retained earnings.....	5,079,552	4,862,822	
	<u>6,396,057</u>	<u>6,117,482</u>	
	<u>\$10,842,477</u>	<u>\$9,304,428</u>	

# CONSOLIDATED STATEMENT OF

# *Earnings*

FOR THE YEAR ENDED SEPTEMBER 30, 1962

	1962	1961
EARNINGS FROM OPERATIONS.....	\$1,886,602	\$ 979,941
INCOME FROM INVESTMENTS.....	16,738	8,726
	<u>1,903,340</u>	<u>988,667</u>
PROVISION FOR TAXES ON INCOME —		
Taxes payable for the year.....	927,655	472,955
Tax reductions arising from capital cost allowance in excess of depreciation.....	<u>47,005</u>	<u>26,000</u>
	<u>974,660</u>	<u>498,955</u>
	928,680	489,712
MINORITY INTEREST IN EARNINGS OF A SUBSIDIARY COMPANY.....	<u>9,659</u>	<u>4,718</u>
NET EARNINGS FOR THE YEAR.....	<u>\$ 919,021</u>	<u>\$ 484,994</u>
The following items have been charged before determining the earnings from operations:		
Depreciation.....	\$ 490,227	\$ 422,864
Remuneration of executive officers and legal fees.....	128,551	130,981
Directors' fees.....	7,600	7,200
Interest on debentures.....	56,667	66,929

## *Notes* TO FINANCIAL STATEMENTS

1. \$255,000 of debentures were purchased and cancelled in advance of sinking fund requirements.
2. Common shares were divided on a three-for-one basis by Supplementary Letters Patent dated July 11, 1962.
3. Under the stock option plan of 1958, options to purchase 25,335 common shares at \$6 $\frac{1}{3}$  a share were outstanding at the balance sheet date. Options to purchase at \$7 $\frac{3}{4}$  a share the remaining 31,800 common shares previously set aside under the plan have been allotted and were also outstanding.



# CONSOLIDATED STATEMENT OF

# *Retained Earnings*

FOR THE YEAR ENDED SEPTEMBER 30, 1962

---

	1962	1961
BALANCE — SEPTEMBER 30.....	\$4,862,822	\$4,745,909
Net earnings for the year.....	919,021	484,994
	<u>5,781,843</u>	<u>5,230,903</u>
Dividends —		
Preferred.....	25,221	25,221
Common.....	489,287	342,860
	<u>514,508</u>	<u>368,081</u>
	5,267,335	4,862,822
Equipment no longer employed in the business, at cost less depreciation.....	187,783	—
BALANCE — SEPTEMBER 30.....	<u>\$5,079,552</u>	<u>\$4,862,822</u>

---

## *Auditors' Report* TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Ontario Steel Products Company, Limited and its subsidiaries as at September 30, 1962 and the consolidated statements of earnings and retained earnings for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the companies, the accompanying consolidated balance sheet and consolidated statements of earnings and retained earnings, when read in conjunction with the notes appended thereto, are properly drawn up so as to exhibit a true and correct view of the consolidated state of the affairs of the companies as at September 30, 1962 and the consolidated results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent, except that the statements have been prepared on a consolidated basis, with that of the preceding year.

MCDONALD, CURRIE & CO.

*Chartered Accountants*

November 20, 1962

---



# CONSOLIDATED STATEMENT OF

## *Source and Use of Funds*

FOR THE YEAR ENDED SEPTEMBER 30, 1962

### SOURCE OF FUNDS

Funds derived from operations —		
Net earnings for the year.....	\$ 919,021	
Non-cash items included in net earnings —		
Depreciation less profit from sale of fixed assets.....	<u>482,951</u>	\$1,401,972
Proceeds from sale of fixed assets.....		23,496
Proceeds from non-interest bearing notes.....		450,000
Increase in minority interest in a subsidiary company.....		4,859
Increase in accumulated tax reductions applicable to future years.....		47,005
Proceeds from sale of treasury stock.....		<u>61,845</u>
		<u>1,989,177</u>

### USE OF FUNDS

Dividends.....	514,508	
Purchase of fixed assets.....	948,844	
Debentures purchased and cancelled.....	<u>255,000</u>	1,718,352

INCREASE IN WORKING CAPITAL..... \$ 270,825

	September 30 1962	September 30 1961	Increase
CURRENT ASSETS.....	\$6,604,544	\$5,321,109	\$1,283,435
CURRENT LIABILITIES.....	<u>2,612,062</u>	<u>1,599,452</u>	<u>1,012,610</u>
WORKING CAPITAL.....	<u>\$3,992,482</u>	<u>\$3,721,657</u>	<u>\$ 270,825</u>



# FOR CANADIAN INDUSTRY



## *Automotive products*

Chassis Springs — both flat and coil — for automobiles, trucks, buses and snowmobiles

Torsion Bars and Struts

Bumpers and Bumper Guards

Bumper Arms and Hangers

Stampings

Plastic Lenses, Medallions, Knobs, Arm Rests, Ornaments and other miscellaneous parts

## *Consumer market products*

### **METALS**

Large and small, shallow and deep-drawn stampings of steel, aluminum or brass

### **PLASTICS**

Injection moulded plastics of a wide variety, including parts for telephones, refrigerators, radios, etc.

Extruded plastics, including polyethylene pipe, water stops, and custom sections as required

Double-shot moulding and triple-shot moulding

Vacuum metallizing for decorative and functional parts

Three dimensional decorative parts

(Canadian patent No. 424037)

## *Railroad and industrial products*

Coil Springs

Elliptical and Flat Springs

Rail Anchors



